

October 7, 2004 Commission Meeting Summary

ITEM

1. **Public Comment.** *None received.*

CONSENT ITEMS

ENFORCEMENT

Filing Officer Violations

2. **In the Matter of Compton Community College District and Ulis Williams, FPPC No: 01/729.** Staff: Commission Counsel Steven Meinrath and Investigator III Jon Wroten. Respondent Compton Community College District is a part of the state community college system, and oversees Compton Community College, which is the only college in the District. Respondent Ulis Williams is the Superintendent of the Compton Community College District and the President of Compton Community College. Respondents failed to perform their duties as the filing officer for the District's designated employees under the District's conflict of interest code with respect to 42 statements of economic interests, in violation of Government Code section 81010 (42 counts). *Approved, \$100,000 fine.*

Campaign Reporting Violations

3. **In the Matter of Californians for Community Safety – Committee Against Proposition 21 and Ralph Miller, FPPC No. 02/430.** Staff: Commission Counsel Julia Bilaver and Investigator III Leon Nurse-Williams. Respondent Californians for Community Safety – Committee Against Proposition 21 was a ballot measure committee sponsored by the Los Angeles County Probation Officers Union, American Federation of State, County & Municipal Employees, Local 685 and primarily formed to oppose Proposition 21 in the March 7, 2000 primary statewide election. Respondent Ralph Miller served as the treasurer of Respondent Committee. Respondents failed to include the name of the sponsor in the name of the sponsored committee on Respondent Committee's statement of organization, in violation of Government Code section 84102, subdivision (a) (1 count); timely file a paper pre-election campaign statement, in violation of Government Code section 84200.5 (1 count); timely file an electronic pre-election campaign statement, in violation of Government Code section 84604, subdivision (a)(1) (1 count); disclose the receipt of three late contributions on properly filed late contribution reports, in violation of Government Code section 84203, subdivision (a) (3 counts); and timely file a paper semi-annual campaign statement, in violation of Government Code section 84200, subdivision (a) (1 count). *Approved, \$13,750 fine.*

4. **In the Matter of Garden Grove Firefighters Association, Local 2005, FPPC No. 01/166.** Staff: Commission Counsel Julia Bilaver and Investigator II Charlie Bilyeu. Respondent Garden Grove Firefighters Association, Local 2005 is a labor organization for firefighters based in Garden Grove, California. Respondent failed to itemize required information regarding cumulative contributions of \$100 or more from 88 if its members during three reporting periods, in violation of Government Code section 84211, subdivision (f) (3 counts). *Approved, \$4,500 fine.*
5. **In the Matter of Michael Morgan, Morgan for Supervisor, and Donna Morgan, FPPC No. 02/348.** Staff: Commission Counsel Julia Bilaver and Investigator III Sandra Buckner. Respondent Michael Morgan was a candidate for the Ventura County Board of Supervisors in the election held on November 7, 2000. Respondent Morgan for Supervisor was the controlled committee of Respondent Morgan. Respondent Donna Morgan served as treasurer of Respondent Committee. Respondents failed to timely file a semi-annual campaign statement, in violation of Government Code section 84211, subdivision (a) (1 count). *Approved, \$2,000 fine.*
6. **In the Matter of Kelli Moors and Friends of Kelli Moors, FPPC No. 01/722.** Staff: Commission Counsel Julia Bilaver and Investigator Charlie Bilyeu. Respondent Kelli Moors was a candidate for the Carlsbad Unified School District Board of Trustees in the election held on November 7, 2000. Respondent Friends of Kelli Moors was the controlled committee of Respondent Moors. Respondents failed to timely file a semi-annual campaign statement, in violation of Government Code section 84200, subdivision (a) (1 count). *Approved, \$1,000 fine.*
7. **In the Matter of Terri Williamson, Committee to Re-elect Terri Williamson, and Veronica Paschall, FPPC No. 01/413.** Staff: Commission Counsel Elizabeth K. Conti and Investigator III Dan Schek. Respondent Terri Williamson has served as a member of the Pleasant Hill City Council since November 5, 1985. Respondent Committee to Re-elect Terri Williamson is the controlled committee of Respondent Williamson. Respondent Veronica Paschall was the treasurer of Respondent Committee. Respondents failed to file semi-annual campaign statements, in violation of section 84200, subdivision (a) of the Government Code (three counts); and Respondent Williamson failed to timely file an annual statement of economic interests, in violation of section 87200 of the Government Code (one count). *Approved, \$3,000 fine.*

Late Contribution Reports

8. **In the Matter of Lennar Homes of California, Inc., FPPC No. 04/323,** Staff: Commission Counsel Elizabeth K. Conti and Investigator III Jon Wroten. Respondent Lennar Homes of California, Inc. is a California homebuilder located in Aliso Viejo, California. Respondent failed to timely disclose a late contribution in a late contribution report, in violation of section 84203 of the Government Code (one count); and failed to timely disclose a late contribution in an electronically filed late contribution report, in violation of section 84605, subdivision (a) of the Government Code (one count). *Approved, \$10,000 fine.*

Statement of Economic Interests – Streamlined Program

9. Failure to Timely File Statements of Economic Interests. Staff: Commission Counsel Jeffery A. Sly, Investigator III Dan Schek, and SEI Coordinator Mary Ann Kvasager. The following persons have entered into stipulations for failing to timely file statements of economic interests, in violation of Government Code sections 87202, 87203, 87204 or 87300.

- a. In the Matter of Elmer Muller, FPPC No. 03/528.** Elmer Muller, a member of the California Sheep Commission, failed to timely file a 2002 annual statement of economic interests, in violation of Government Code section 87300 (1 count). *Approved, \$100 fine.*
- b. In the Matter of G.J. (Rod) Murphy, FPPC No. 03/624.** G.J. (Rod) Murphy, a member of the Building Board of Appeals & Condemnation for the City of Palm Desert, failed to timely file a 2001 and 2002 annual statement of economic interests, in violation of Government Code section 87300 (2 counts). *Approved, \$200 fine.*
- c. In the Matter of Michelle Yu, FPPC No. 03/846.** Michelle Yu, an Industrial Relations Counsel for the Department of Industrial Relations, failed to timely file a 2002 annual statement of economic interests, in violation of Government Code section 87300 (1 count). *Approved, \$100 fine.*
- d. In the Matter of Johnny Edwards, FPPC No. 04/018.** Johnny Edwards, a member of the California Aging Commission, failed to timely file an assuming office statement of economic interests, in violation of Government Code section 87300 (1 count). *Approved, \$100 fine.*

Informational Item – Civil Settlement

10. Fair Political Practices Commission v. Michael Machado, Machado for Senate formerly known as Machado for Senate 2000, Machado for Senate 2004, and Stephen K. Sinnock; FPPC No. 04/248. Staff: Senior Commission Counsel Deanne Canar, Investigator III Jon Wroten, and Accounting Specialist Luz Bonetti. Defendant Michael Machado is the incumbent Senator for the Fifth Senate District, and is also a candidate for re-election in the 2004 statewide election. Defendant Machado for Senate formerly known as Machado for Senate 2000 is the committee Senator Machado established in December 1998 in conjunction with his candidacy for election to the office of State Senate in the November 7, 2000 statewide election. Defendant Machado for Senate 2004 is the committee Senator Machado established in October 2001 in conjunction with his candidacy for re-election to the office of State Senate in the 2004 statewide primary and general elections. Defendant Stephen K. Sinnock is the treasurer of both of the defendant committees. The defendants failed to deposit 189 contributions for Defendant Machado's 2004 re-election campaign, totaling

\$235,657, into a campaign bank account established for that re-election campaign, in violation of Government Code section 85201, subdivision (c); failed to make 58 expenditures for Defendant Machado's 2004 re-election campaign, totaling \$246,762, from a campaign bank account established for that re-election campaign, in violation of Government Code section 85201, subdivision (e); and failed to properly disclose those 189 contributions and 58 expenditures in the campaign statements of the defendant committees, in violation of Government Code section 84211, subdivisions (c), (f), (i), and (k). Additionally, Defendant Machado failed to timely establish a separate campaign committee and a separate campaign bank account for his re-election campaign, in violation of Government Code section 85201; accepted from various persons 20 contributions for his re-election campaign, totaling \$56,200, that exceeded the contribution limits, in violation of Government Code section 85301, subdivision (a), and section 85302, subdivision (a). The parties stipulated to a final judgment in the case by the Sacramento County Superior Court. As provided in the stipulated judgment, the defendants jointly paid a penalty of \$36,000, and Defendant Machado paid an additional penalty of \$25,000, for a total civil penalty of \$61,000. In addition, Defendant Machado voluntarily disgorged funds from Defendant Machado for Senate 2004, totaling \$56,200, by returning to contributors those contributions that violated the contribution limits. The defendants also stipulated to injunctive orders requiring each of them to file amended campaign statements by September 21, 2004, and to include contributions for the re-election campaign that were deposited into the campaign bank account for Defendant Machado for Senate when determining whether any contributors have reached the applicable contribution limits for the 2004 primary and general elections. The documents related to the litigation are on the Commission's website under litigation at <http://www.fppc.ca.gov/index.html?id=380>.

ITEMS REMOVED FROM CONSENT

LEGAL MATTERS

Opinions

- 11. In re Roberts Opinion Request (O-04-093) -** Adoption of Proposed Opinion. Staff: Commission Counsel Natalie Bocanegra. The Commission will consider whether it will adopt an opinion addressing whether the term "spouse," for purposes of the Political Reform Act, should include domestic partners. New law amending the Family Code (Assembly Bill 205), which will take effect January 1, 2005, prompted analysis of the issue. (Ch. 421, Stats. 2003). The specific opinion request pertains to the application of the disqualification provisions of the Act in a domestic partnership situation. ***The Commission adopted version 2 of the opinion and directed staff to draft an emergency regulation for consideration in December.***

Regulations

- 12. Personal Loans (Section 85307)** – Adoption of Proposed Amendments to Regulation 18530.8. Staff: Commission Counsel Natalie Bocanegra. The Commission will consider whether it will adopt amendments to regulation 18530.8, which concerns the interpretation of section 85307. The Commission previously interpreted the \$100,000 personal loan limit as not being applicable to loans from commercial lending institutions. The Commission will consider a regulatory amendment applying the \$100,000 personal loan limit under such circumstance. *Adopted with revisions.*

ACTION ITEMS

- 13. Proposal to Add Government Code section 1090, et seq., into the Political Reform Act -- Policy Memorandum.** Staff: Assistant General Counsel John W. Wallace and General Counsel Luisa Menchaca. Commission staff's memorandum discusses a proposal to incorporate Government Code section 1090, et seq., and possibly other non-PRA conflict of interest laws, into the Act. The rationale for this proposal is that by moving the provisions into the Act, the Commission could further clarify and implement the sections through its administrative rulemaking process and provide advice to officials attempting to comply. This item updates the Commission as to the current status of the project and describes a modified proposal to institute a limited pilot project. *The Commission authorized staff to move forward with the pilot project and to prepare a legislative proposal to move provisions of the Public Contracts Code into the Act.*

DISCUSSION ITEMS

- 14. Regulation Calendar for the Year 2005: Setting of Priorities.** Staff: General Counsel Luisa Menchaca and Assistant General Counsel John W. Wallace. This item includes a discussion of ongoing and new projects proposed by staff. The Commission will consider its priorities for regulatory action in calendar year 2005. Final approval of the calendar will be set for December 2004. *Approved with revisions.*
- 15. Legislative Report.** Staff: Executive Director Mark Krausse. *No action taken.*
- 16. Executive Director's Report.** Staff: Executive Director Mark Krausse. *No action taken.*
- 17. Litigation Report.** Staff: General Counsel Luisa Menchaca and Senior Commission Counsel Larry Woodlock. *No action taken.*